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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

March 18, 2014

#### CERTIFIED RETURN RECEIPT

7011 2970 0001 8828 1337

Bruce H. Evans  
Nephi Sandstone  
1250 North 200 West  
Nephi, Utah 84648

Subject: Review of Reclamation Surety, Nephi Sandstone Corporation, Champlin #1,  
S/023/0104, Utah County, Utah

Dear Mr. Evans:

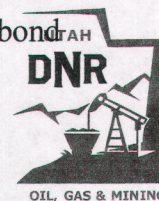
The last reclamation surety estimate for the Chaplin #1 Mine was done in 2009 and escalated to 2014. The Division of Oil, Gas and Mining requires that the surety amount be adjusted to account for changes in reclamation costs.

Based on average reclamation costs, the surety amount needs to be increased from \$19,700.00 to either \$25,000.00 for a three-year escalation or \$25,600.00 for a five-year escalation. The average reclamation costs are outlined below:

#### Small Mining Operation 5 Acres or Smaller

| Project Size<br>(Acres)                 | Surety<br>3 & 5 year escalation<br>2013                                  | Comments   |
|---|--|--|
| 1 or fewer acres                        | \$9,400 (3-year escalation) *<br>\$9,700 (5-year escalation)             |  |
| Additional acres up<br>to 4 total acres | \$5,200/ acre (3-year escalation)<br>\$5,300/acre (5-year escalation)    |  |
| Cumulative Amount<br>for 4 acres        | \$25,000/ acre (3-year escalation)<br>\$25,600/ acre (5-year escalation) | \$600 difference between 3<br>and 5 year escalation<br>amount for 4-acres of<br>disturbance. |

Please contact the bond coordinator, Penny Berry, at 801-538-5291 or by e mail at [pennyberry@utah.gov](mailto:pennyberry@utah.gov) for information about submitting the additional surety. Your current bond is in the form of certificate of deposit. You may, increase the amount in the certificate of deposit, or you may submit a new certificate of deposit, a letter of credit, cash, or a surety bond.





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for either the increased or full amount. Bonding forms are available on the Internet at <http://www.ogm.utah.gov/minerals/MINERALSFORMS.htm>.

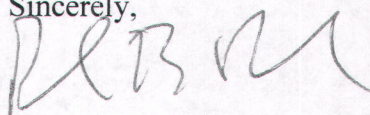
As an alternative to increasing the surety amount, the reclamation liability can be decreased by reclaiming a portion of the site and amending the Notice of Intention to Commence Small Mining Operations to show the decreased acreage. If you decide to pursue this option, please contact the lead inspector Wayne Western at (801) 538-5263.

In addition, the permit fee for this mine has not been paid since the original payment in 2008. The fee is due for the years 2009, 2010, 2012, 2013, and 2014 for a total of \$750.00. No fee was required in 2011. Authorization to mine is automatically withdrawn when the fee is not paid, and a Notice of Intention may be withdrawn in the event of failure to pay permit fees and maintain and update adequate reclamation surety.

Please provide the additional surety or perform the reclamation no later than June 2, 2014. Please also provide the past due permit fees by this date.

Thank you for your help in keeping the surety current. Please contact Wayne Western at 801-538-5263 or me at 801-538-5261 if you have any questions concerning this letter,

Sincerely,



Paul B. Baker  
Mining Program Manager

PBB:whw:pb

cc: Duane Bays, Fillmore BLM (dbays@blm.gov)

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